

Swine Marketing Alternatives

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The focus of our conference today is on the issue of "alternatives" for producers, both in methods of production and in marketing. I have been asked to address the issue of marketing alternatives and will do so by examining three questions. The first is:

Why it is important to look for swine marketing alternatives? There are seven reasons you can identify for why producers should do so. These are:

First, it may create the ability to stay in production by obtaining higher prices for your pork. This is best illustrated through traditional forms of direct marketing, such as custom butchering and other forms of direct marketing. This may or may not involve special product traits concerning the pork being sold.

Second, it may provide you with the opportunity to market whatever special qualities or products you are able to pro-

duce, such as through the use of eco-labels, "value-added" specialty products, or unique quality or taste.

Third, an alternative may be your chance to produce pigs (and pork) in the manner you choose, i.e., finding support for how you want to farm. For example, some marketing alternatives may be premised on different production practices such as pasture farrowing, hoop house systems, seasonal production, or using organic methods.

Fourth, it will serve as an alternative to the more traditional forms of commodity marketing available to you, which are characterized as selling into a concentrated, surplus-driven market with limited price transparency and a growing belief that prices are controlled by packers and retailers

Fifth, it may provide an alternative to other forms of production or marketing ar-

rangements, all of which may reduce your autonomy or choices, and which may require you to be part of a network or a system to have market access. Marketing alternatives provide a way to be independent or to unite with like-minded producers rather than being a cog in a system in which you have little influence.

Sixth, alternative marketing creates an opportunity to communicate directly with consumers in the marketplace, both as to the quality of your food but also the financial impact of their purchasing decisions. Many alternatives involve personal contact and communication between producers and consumers.

Seventh, an alternative market may provide the opportunity to capitalize on or take advantage of the public's willingness to support "traditional family farmers" both in the marketplace and through public policy choices. In thinking about why someone will buy what you have to sell, the fact that *you* produced it can be a valuable trait. Currently, to the extent that such consumer or public concern or "good will" exists, it is either lost or captured by other entities in the marketing chain who most likely do not return any of this extra value to the actual producer.

The second question for us to consider is: *What obstacles will producers face in being more connected to the food system through alternative marketing?* There are at least seven obstacles or challenges you can identify in answering this question. The main challenge is how to turn a classic commodity-pork-into a product over

which you have more control and more marketing options. The whole production and marketing structure is premised on you producing pigs and them selling them at wholesale prices to someone else who will process and market the product. In many situations, the producer does not even own the pigs or make any of the actual marketing decisions any more.

A second obstacle is how that moving away from being the raw input supplier of pork will require taking on additional responsibilities and require other skills (e.g., marketing and processing) which producers may not have or may not be able to afford. The challenge may be "Can you do everything-both raise and market pork?" There are reasons why production and marketing system are diversified and specialized. To the extent that these additional functions or responsibilities have costs or risks, such as price fluctuation, you will need to absorb them. It is important to recognize that the part of the system you are in now has plenty of risks already.

Third, if you choose an alternative marketing system, you will be swimming against the tide of a food system which increasingly handles meat production, processing, and marketing in a concentrated and centralized industrial production model, e.g., fewer processors, branded marketing of standardized products, fewer local alternatives for processing, and arguably, less consumer appreciation for quality or variety. This means that at each step of the way—processing, product develop

ment and identification, and marketing—you may be operating in a system with limited resources available to help you, and in some situations many of the rules and processes set up against you.

A fourth obstacle is that the range of marketing options available is somewhat limited, especially in terms of scale and scope. Many forms of direct marketing are personalized or individual ventures and many are relatively small-scale. This does not mean that they are not important for the producers using them, but it may limit their overall significance in assisting large-scale marketing improvements either for an individual farm or for the sector.

A fifth challenge to alternative marketing is the need for producers and other institutions like the Department of Economic Development, Iowa State University, and the Iowa Pork Producers Association to support the development of alternative models which can allow more producers to have access to other marketing alternatives, especially at a scale of production which makes sense in today's swine systems.

Sixth, to the extent you succeed, you may be able to expect opposition or resistance from other people whose own businesses you may be affecting. For example, one limitation on the development of more local marketing is the availability of processing. The issue of the interstate sale of state-inspected meat is a factor in the availability of processing. This meat can now be sold only within the state where it is processed—even if the state plant meets

the federal equivalency standards. This issue has given rise to a suit by the State of Ohio against the U.S. Department of Agriculture and to proposals in Congress to change the limitation. There is a division of opinion over whether state inspected meat should move in interstate commerce, with some people concerned about health issues. At the same time, the federally inspected facilities enjoy not having to compete for sales with state plants, so there is an institutional bias toward larger facilities. As the recent price downturn demonstrated to producers - having fewer places to sell hogs or fewer options for marketing can be painful.

A seventh obstacle is that complying with various legal requirements concerning local processing and direct marketing of meat can be very confusing and sometimes costly.

These challenges do not mean that examples of effective alternative marketing programs do not exist. We are fortunate in Iowa to have two excellent examples, both of which will be presented today. These are Paul Willis of Thornton, Iowa and his work with Niman Ranch to sell high-quality pork products and the work of Vic Madsen and the Audubon County Family Farmers and their promotion of Hoop House Pork which we will eat today. Other examples are detailed in an article by Steve Marberry, "Niche markets buck commodity pork trend," in the Jan. 18, 1999, issue of *Feedstuffs*.

The third and final question to address is: *What are the keys to direct marketing success?*

By examining the examples of producers involved in alternative marketing, it is possible to identify several important points to consider in this regard.

The first lesson is the importance of identifying what is unique about what you have to sell, be it a product, a quality, a practice, or an image of the farm. Once the product is identified, then you can select the best method for communicating with possible customers and markets.

The second lesson is choosing something you like to do or for which you have a talent. There may be many different types of alternatives, but they may not be suited for you. So think about what it is you have and what it is you like to do. Growing things you like and finding people to buy them will be more fulfilling than fighting a system in which you do not feel you fit or are appreciated.

The third key step is focusing on merchandising rather than just marketing. Having a market doesn't mean you will profit, and while merchandising may not insure a profit, it lets you capture the value you have created.

A fourth lesson is the need to conduct market research so you know if there is a marketing opportunity before you make the plunge, and have an alternative market to tap if your market breaks down.

A fifth key to success is delivering a quality, consistent product. Being able to deliver what you have promised is essential to receiving the higher returns you desire.

A sixth lesson is the need to reach the right people, both consumers and decisions makers (e.g. buyers), with the message about your product, so you are talking to the ones who make the buying decisions.

If you have been successful in the previous steps this should help you satisfy the seventh key - developing repeat business so there is stability and predictability of demand and sales. This will let you expand the business or at least rely on the alternative.

These are some of the basic questions producers should consider when examining swine marketing alternatives. It is important to recognize that there are important opportunities developing for marketing high-quality pork products in various forms of direct or personalized ways. The new federal rule on "organic meat" will help standardize a national market and allow interstate sales, using a term increasingly familiar to consumers in the marketplace. The recent approval of "irradiation" as a food safety technique will also increase marketing opportunities for fresh pork among those consumers concerned about the safety of irradiation and the processing system which requires it. Finally, to end on a cautionary note, it is important to remember that if you are involved in making special claims about your product, you must comply with the federal meat inspection and labeling laws. You should be aware that in the last few years, the federal government has prosecuted several members of a South Dakota ranching family for making fraudulent claims about beef they were marketing.